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TAGS: [EAID](#) [EFIN](#) [PREL](#) [PGOV](#) [OTRA](#) [SG](#)  
SUBJECT: SENEGAL: SIXTH CONSULTATIVE GROUP  
MEETING - Paris, October 3-4, 2007

11. SUMMARY: The sixth meeting of the Consultative Group (CG) for Senegal was convened at the World Bank's Paris Office on October 3-4, 2007. The meeting was chaired by Madani Tall, World Bank Director of Operations for Senegal. The 48-person Senegalese Delegation [press reports noted more than 100 in total, including support staff] included 18 ministers and was led by Prime Minister Hadjibou Soumar. The meeting was attended by representatives of Senegalese business associations and delegations from key multilateral institutions and bilateral donors. The PM announced that donors pledged approximately \$4 billion in development assistance supporting economic reforms and priority program for the three-year period 2006-2010. The actual amount pledged, and the ability of donors to fulfill those pledges, is not yet confirmed. The amount pledged also included a substantial amount of money already committed but not yet disbursed - a reflection of the country's ability to absorb the aid. END SUMMARY.

12. MEETING AGENDA: The meeting agenda included the following items:

Opening Ceremony

Session 1: Assessment of the Poverty Reduction Strategy Plan (PRSP) I ( 2003-2005)

Session 2: PRSP II and the Accelerated Growth Strategy(AGS)

Session 3: Recent developments and Strategic aspects

Session 4: Instruments for implementing the PRSP II

Session 5: Financing the PRSP II and the AGS

Session 6: Announcement of contributions

13. OPENING STATEMENTS

In his opening statement, Jean M. Chataignier, Chief of the French Delegation focused on the following issues: the need for greater transparency in the management of public finances, the need for increased coordination of development assistance in line with the Paris Declaration, the preservation of a low level of national debt, and the establishment of an appropriate institutional framework to monitor PRSPII and AGS implementation. He concluded his statement by reaffirming that France's aid will target a limited number of

priority programs in line with the country's Millennium Development Goals (MDGs).

Johannes Mueller from the IMF African Department elaborated on the four key elements of the new program with the GOS: (a) maintaining a prudent fiscal policy to achieve fiscal sustainability, (b) strengthening fiscal governance and transparency, (c) strengthening the framework for private sector development, and (d) enhancing the role of the financial sector in providing access to credit and capital. In his concluding remarks he stated that the IMF Board is expected to discuss Senegal's program under the Policy Support Instrument in early November.

Lopez Blanco, head of the European Union (EU) Delegation stressed the need for higher and sustained economic growth to alleviate poverty. While recognizing that Senegal is a privileged partner of the donors, he noted that the GOS still needs to take the necessary steps to attract private investors.

Bouri Sanhouidi, head of the UNDP delegation, called for strengthening the dialogue between high level government officials and development partners and reinforcing the participatory process that was used in the context of the preparation of the PRSPII and the AGS. He reiterated previous calls for improving governance and establishing an appropriate institutional arrangement to monitor the PRSPII and the AGS.

Madani Tall, the World Bank's Director of Operations for Senegal, summarized progress made since the Fifth Consultative Group Meeting in 2003. He stated that poverty declined by six percentage points over the period 2001-2005. However, he noted that unemployment is among the key challenges facing with the country. He also stressed the need to fight against corruption and promote good governance.

GOS Prime Minister Hadjibou Soumare commended the donor community

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for proving financial support of \$1.3 billion over the period 2003-2005. He noted that since 2000, Senegal has received a debt relief package under HIPC and MDRI totaling more than \$600 million. He recognized that Senegal would not be able to achieve the 7% growth rate needed to halve poverty by 2015. He reaffirmed the government's commitment to establish the necessary institutional arrangements for implementation of the AGS by the end of the year. He stated that in order to address the country's energy requirements, the electricity company (SENELEC) had prepared a comprehensive investment program totaling \$1.1 billion for the period 2007-2012. Soumare committed to ensuring that the new procurement would be fully effective in January 2008.

#### 14. DISCUSSIONS

The first session was devoted to a review of the PRSP I. The GOS described the major achievements during the period which included: (a) a 6% reduction in poverty during the period 2001 - 2005, (b) an increase in the primary school enrolment rate from 71.6 % in 2002 to 82.5% in 2005, (c) a sharp increase in the percent of the government budget allocated to health from 7.7% in 2003 to 9.7% in 2005, and (d) an HIV prevalence rate of 0.7%, reputedly the lowest in Sub-Saharan Africa. Donors raised concerns that very little poverty reduction had occurred in rural areas and that regular annual reviews of the PRSP had not taken place. It was agreed that much more needed to be done in the area of agriculture and food security to alleviate poverty in rural areas.

The second session focused on the presentation of the PRSP II and the AGS, as the two vehicles expected to guide Senegal towards becoming an emerging country by 2015. Issues raised by participants included: (a) the need to put in place a complete set of PRSPII indicators, (b) insufficient integration of gender issues in poverty reduction programs and activities, (c) the low level of financial and human resource transfers to local authorities, (d) the need to establish an enabling business environment, and (e) the need to establish an institutional framework to coordinate and monitor implementation of the AGS.

The third session was devoted to a review of recent developments and strategic issues. Presentations were made on the macroeconomic situation, the energy sector, labor market issues, and governance issues related to large infrastructure programs. There was strong consensus among participants that a stable macroeconomic framework is essential for attracting foreign investment. The donors encouraged the GOS to move quickly to implement new labor legislation reforms needed to spur higher growth and job creation. Development partners also expressed a desire for the government to ensure greater transparency in the procurement, budgeting and the execution of large infrastructure projects.

The fourth session focused on the implementation of the PRSP. The development partners requested the GOS to provide stronger leadership for improving aid coordination and performance with respect to Paris Declaration objectives. Donors providing budgetary support and the GOS agreed to sign a common framework in November 2007.

The fifth session focused on PRSP II and the AGS financial requirements. Development partners stressed the need for a sound and stable macroeconomic framework crucial to mobilizing both public funds and private investment flows. They also noted that a clear linkage between PRSP II indicators, the Priority Action Plan and the Budget is critical for fund mobilization.

The last session was devoted to the announcement of pledges. The donors pledged a reported CFAF 1837 billion (approximately \$4 billion) in development aid to Senegal in the form of grants supporting its Priority Action Program for the period 2006-2010. Some 47% of this amount, approximately \$1.9 billion is comprised of commitments made under previous agreements but not yet disbursed. This reflects limits to the country's absorptive capacity.

15. COMMENT. During the CG meeting, the GOS committed to implementing a broad set of measures including: (1) ensuring the effective implementation of the new procurement code by January 2008; (2) improving the dialogue between the GOS and development partners; (3) undertaking annual reviews of the PRSP and (4) over the coming months, the development partners will closely monitor the

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extent to which the GOS fulfills these commitments.

Senegal continues to heavily rely on public donor assistance. According to OECD data, Senegal is among the largest recipients of foreign aid in Africa. If Senegal is serious about wanting to become an emergent country, it will have to develop an aggressive reform program aimed at attracting increased private investment flows. Many donors' actual contributions will be determined only after Senegal concludes its new Policy Support Instrument with the IMF. Donors will follow closely the GOS's willingness to fully conform to that program's reform measures and reporting requirements. The GOS delegation consisted of 48-plus persons, requiring an estimated \$400,000 GOS expenditure. This represents a heavy burden for a government with insufficient resources to implement a poverty reduction program and raised reasonable questions among donors as to why the meeting had not been held in Dakar.

Smith